End Notes to

'The general rate of profit and its realisation in the differentiation of industrial capitals'[1]

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End Note 1: On the theory of finance capital

Hilferding starts by acknowledging that the expansion of interest-bearing capital together with that of banking capital as its agent are but the concrete form taken by the centralisation of industrial capital once accumulation reaches a certain degree of development on the basis of the production of relative surplus-value.[2] From this point of view, it becomes evident that this modality of centralisation carries no transformation in the material conditions taken by the valorisation of social capital, apart from those derived from the acceleration of this centralisation itself. It is not a transformation of the type involved in the passage from the simple cooperation to the division of labour in manufacture, and from the latter to the system of machinery of the great industry. Nevertheless, Hilferding continues by granting the capital thus centralised a historical specificity of its own. Naturally, he is unable to search for this specificity within the process of the production of capital, that is, where the capitalist mode of production realises its specific historic potentiality by transforming the materiality of the labour process. The specificity in question is therefore reduced to the formal change that occurs in circulation regarding the ownership of industrial capital. It is about "finance capital", i.e. a capital whose specificity lies in its titles on the financing of industrial capital.

From the very beginning, Hilferding's research is characterised by not looking into the development of the material transformation of the labour process which is historically specific to the capitalist mode of production. The transformation of the productive forces of free isolated individual labour into productive forces of the immediately social labour which is consciously organised by the same collective worker that undertakes it,

[1] End Notes additional to Chapter 2 of the book *The New International Division of Labour. Global Transformations and Uneven Development,* Greig Charnock and Guido Starosta (editors), Palgrave Macmillan, 2016.

[2] Hilferding, Rudolf, *Finance Capital. A Study of the Latest Phase of Capitalist Development*. Ed. Tom Bottomore, Routledge & Kegan Paul, London, 1981, chapter XIV.

transformation that is developed in the contradictory way of being a power that belongs to the negation of the immediately social labour –i.e. of private labour–, is barely mentioned in an abstract manner as an issue regarding the socialisation of labour. But as from the moment he introduced the category of finance capital, Hilferding reduces absolutely any historical potentiality of the capitalist mode of production to the immediacy of the more acute class antagonism brought about by this form in which capital is centralised. It is not the case any more that centralisation reflects the constant expansion of the immediately social and consciously organised character in which each portion of private labour is realised. Nor is it that this expansion necessarily reaches a point in which the material realisation of the labour process imposes the dissolution of private labour into the general conscious organisation of social labour; or that, as the complete form of the development of the productive forces of the collective worker that consciously organises its own immediately social labour process as an attribute of private labour, this transformation in the materiality of the labour process takes the necessary concrete form of a social revolution performed by the working class. On the contrary, according to Hilferding, without the mediation of any material transformation in the labour process, financial centralisation of capital allows for the revolutionary imposition of the conscious organisation of social labour by the working class:

> victory [of the proletariat] can come only from an unremitting struggle against that policy [of finance capital], for only then will the proletariat be the beneficiary of the collapse to which it must lead, a collapse which will be political and social, not economic; for the idea of a purely economic collapse makes no sense.[3]

This opposition between "the economic" and "the social" (one could wonder if, to Hilferding, the economic is natural or divine, as it is opposed to the social) is a reflection of how the category of finance capital is being used to ideologically separate the content, which is the material transformation in the labour process that is historically governed by capital accumulation, from its necessary form of realisation –class struggle. Lenin takes another step in this abstraction:

> Translated into ordinary human language this means that the development of capitalism has arrived at a stage when, although commodity production still "reigns" and continues to be regarded as the basis of economic life, it has in reality been undermined and the bulk of the profits go to the "geniuses" of financial

[3] Hilferding, Rudolf, *op. cit.*, chapter XXV.

> manipulation. At the basis of these manipulations and swindles lies socialised production; but the immense progress of mankind, which achieved this socialisation, goes to benefit […] the speculators.[4]

All the concrete complexity present in the autonomous organisation of the process of social metabolism that transforms the materialised general social relation into the immediate concrete subject of social production and consumption, and whose material unity is realised in the movement of social capital governed by the formation of the general rate of profit, appears thus reduced to an abstract "still 'reigns'" which no inverted commas can make more concrete, and to an even more abstract "continues to be regarded", in which it is uncertain whether the unnamed subject of this consideration has anything to do with some real determination. At the same time, the characteristic historical development of this autonomous organisation of social production appears represented as its abstract external negation –as having "been undermined". What is it, then, that governs social production if the general social relation is undermined? The "financial manipulations […] of speculators" for their own benefit. Which means that, from being mere personifications of the autonomous organisation of social production by capital accumulation, capitalists have been freed of their determinations and have turned, as finance capitalists, into the subjects that govern capital accumulation by themselves, through their "manipulations and swindles". And given that the autonomous organisation of social production appears reduced to the free voluntary action of finance capitalists, the historical necessity of superseding the capitalist mode of production by developing the material powers of the working class to consciously take in its own hands the organisation of social production appears as not having any more determinations than its free political will.

This abstraction is followed by that of those who limit themselves to consider a closed issue the need to account for any concrete determination of capital accumulation that transcends the immediate appearances of political forms just by invoking the name of finance capital and Lenin's theoretical authority. And it is here where the inversion of the specificity of the process of production of surplus-value and its replacement by another specificity that arises from the titles on capital financing displays its full content. This inversion has the ideological virtue of presenting banking capital, whose movement is nothing but the reflection of the movement industrial capital, as if it were the true

[4] Lenin, Vladimir, *op.cit.* chapter I.

subject of accumulation. At the same time, the movement of industrial capital, i.e. where the exploitation of the working class effectively occurs, is relegated to a discreet second place. It appears as being dominated by the supposedly autonomous movement of banking capital. Therefore, the category of finance capital is useful for the petty bourgeoisie to ideologically invert the content of its struggle against the concentration and centralisation of capital. To start with, it is useful for it in order to present the working class as the natural enemy of the process of concentration and centralisation, when it is actually the vehicle for the development of its own revolutionary powers. At the same time, it is useful for it in order to present itself, an enemy of the working class in a twofold sense –as a personification of capital, in general; and of capital that bears the negation of the development of the productive forces of society, in particular–, as if it were the natural ally of the working class in its struggle to go beyond the hindrances of the capitalist mode of production, when it actually dreams of a capitalism whose eternity is guaranteed by the absence of concentration and centralisation of capital.

End Note 2: From the theory of imperfect competition to the theory of monopoly capital

Neoclassical economics have made a cult out of reducing every organic determination of capital valorisation to the appearances of circulation, subsequently reducing the latter to the abstraction of mathematically represented theoretical games of such sort as "what should I do if I believe that he/she believes that I believe that…". Of course, it makes sure that the cycle is not closed in order to explain the source of the extraordinary profits of monopoly. At best, it concludes by stating that the consequences are paid by "the consumers". Not even at this point does it pose the obvious question: Who are "the consumers"? According to the neoclassical theory itself, consumers are able to act as such for being, at the same time, the owners of the "factors of production" whose services they sell. The supply of these "factors", as any other, is ruled by the "principle of increasing total utility and diminishing marginal utility". This is an intrasubjective principle so completely independent of the price level as to be its cause. To put it the other way round, every utility function is independent of the price. As soon as, in their condition as "consumers", the owners of one of these "factors of production" had to pay the monopolist a price higher than the one corresponding to the "perfect competition equilibrium", he/she would see a fall in the utility that he or she obtains by

the selling of such factor with respect to the utility that he/she obtains from the "good" that he/she owns by nature as opposed to that sale. If it were an owner of the "capital factor", the "compensation" that he/she would receive for it would not compensate any more for the "diminishing marginal utility over time" corresponding to the "waiting" that he/she must undergo. If it were an owner of the "labour factor", the "compensation" that he/she would receive for it would not compensate any more for the "sacrifice of leisure" that he/she must incur. Consequently, according to the principles of neoclassical economics, the supply of those factors would fall. This would bid up their prices above their "marginal productivity", "technically" determined by the "production function". Which, in turn, would reduce the demand for the "factors of production". But this reduction would not reinstate the "equilibrium", because, due to the presence of the "monopoly price" that has to be paid by the owners of the "factors of production", the supply price of these "factors", determined by the "utility principle", needs to be set above the price corresponding to their "marginal productivity", irrespective of how much "perfect competition" there is among them. From where could the "entrepreneurs" that put to work the "factors of production" obtain the capacity to pay those excess prices? Perhaps the monopolist is able to pay them, but surely at the cost of saying goodbye to its monopoly profits. But, what about the rest of them that participate in "perfect competition" markets? *Mutatis mutandi*, the same is true for the case of a monopsonist whose monopoly profits originate from the "factors" in question being sold below their own "perfect competition" equilibrium price.

In neoclassical economics' own terms, the existence of a "monopoly price" does not constitute a special determination of "general equilibrium" that drives it away from the "social welfare optimum". On the contrary, it involves a contradiction in terms that implicates the very impossibility of "general equilibrium", which is the same as stating the impossibility of the reproduction of the capitalist mode of production in its unity. An undoubtedly hateful conclusion for a theory whose sole reason of existence is the apology of that mode of production, presenting it as the naturally harmonic way of organising human life.

Leaving aside the issue of the pseudo-analytical pedantry with which it is ornamented by neoclassical economics, what the theorists of "monopoly capital" should explain amounts to the origin of the extraordinary profits in one branch without their mere existence involving at the same time the disappearance of non-monopolistic capitals of

the remaining branches due to not being able to valorise themselves normally. This impossibility of valorising normally would present directly in the case of having to buy a means of production at a "monopoly price" above the corresponding price of production. And also in an indirect manner, as long as a commodity that workers need to consume to reproduce their labour-power in the material and moral conditions required by capital is sold at a "monopoly price" above its price of production. In this case, the rest of the individual capitals would be forced to buy the labour-power above its normal price, otherwise risking running out of it due to its exhaustion. Therefore, except for the monopolist capital which could resort to its corresponding additional profit, the rest would not be able to valorise normally. It is evident that the disappearance of these capitals would in the end bring about the disappearance of the capital which was supposed to obtain extraordinary profits owing to the form of its market.

However critical it considers itself to be, the theory of monopoly capital can only wind up sinking in the worst vulgarities of neoclassical economics:

> Monopoly price can indeed be fixed empirically, but its proper level cannot be apprehended in an objective theoretical manner, only grasped psychologically and subjectively.[5]

As is usual among this kind of economists, Hilferding imputes his own incoherences to Marx:

> For this reason the classical school of economics, in which I also count Marx, excluded monopoly price, that is, the price of goods the supply of which cannot be expanded at will, from their reasoning.[6]

On this basis, the free choice of monopolistic capitalists between producing more or less to sell at a lower or higher price occupies the place of the material unity of the movement of social capital realised by means of the formation of a general rate of profit, which rules the action of individual capitals. It is sufficient to assume a society in which all the branches of production were monopolised, i.e. one in which there were only one individual capital in each branch, for the emptiness of this inversion to become evident. None of these capitals would be able to valorise normally at a rate of profit higher than the general rate, regardless of how monopolistic each of them were, unless one claimed

[5] Hilferding, Rudolf, *op. cit.*, chapter XV.
[6] Hilferding, Rudolf, *ibid.,* chapter XV.

that some are more monopolistic than others. The complete centralisation of capital in every branch expresses itself giving two peculiarities to competition as the concrete form of realising the general rate of profit. In the first place, selling below the current social price of production but above the one reached by putting into action a higher productivity of labour allows for the realisation of the corresponding extraordinary profit, though not at the expense of capitals of the same branch but of those of other branches. Given that all branches engage in this mutual displacement, the commercial price in each of them tends to the level of the new price of production. Relative surplus-value is thus generated, as long as the diminution in the price of production occurs in the branches that directly or indirectly produce the means of existence for workers. In the second place, just like any advance in the process of concentration of capital, the absolute centralisation of it within each branch develops the determination of the direct action of social capital through its political representative, the state, as the necessary concrete form of realising the competition between normal capitals. But Hilferding avoids dealing with the matter by skipping from the analysis of the appearances that correspond to cartelisation in one branch, to the fantasies about an absolute cartelisation of social capital, in which money would cease to exist because this would be a capitalist production (i.e. a production of surplus-value) directly organised as a production of use values.[7] Besides monopoly upon certain natural conditions or the one imposed by the direct use of force, the only monopoly that can create an extraordinary profit is the one exercised on a productive technique that allows to put into action a productive capacity of labour that is above social average. Other than that, the extraordinary profit that seems appropriated by reason of the forms of the market does not arise from the existence of monopolistic capitals but from the subsistence of capitals of insufficient size that interact in circulation with normal capitals. But Hilferding is not able to see that cartelised and non-cartelised capitals are nothing but the concrete form taken respectively by normal capital and small capital that are standing in front of him. In taking the appearances of circulation as the cause of differentiation in the rates of profit, he ends up presenting the true determination that governs the concrete normal valorisation of small industrial capital –that is, its identification with interest-bearing capital– in an inverted manner, as if it were an obstacle to be dealt with by the economic dynamics imposed by the free subjectivity of the monopolistic capital.[8]

[7] Hilferding, Rudolf, *ibid.,* chapter XV.
[8] Hilferding, Rudolf, *ibid.,* chapter XV.

Once again, Lenin takes the category of monopoly capital the way it is offered by Hilferding and establishes it as the specific basis of the modern path of capital accumulation and of its historical potentialities.[9] Then, it becomes a commonplace to present the ideological banner of the petty bourgeoisie in an inverted manner as if it were the ultimate expression of the scientific consciousness of the working class.

A particularly eloquent instance of this that has left a trace in the theory of monopoly capital reads:

> When we say that giant corporations are price makers, we mean that they can and do choose what prices to charge for their products. (…) What determines which prices will be charged within this range? The simplest answer is that given by traditional monopoly (…) price theory of classical and neo-classical economics. What economists have hitherto treated as a special case turns out to be, under conditions of monopoly capital, the general case.[10]

Once this is stated, for this theory of monopoly capital everything comes down to reducing the unity of the organisation of social labour in the capitalist mode of production to the most crudely vulgar invocation of "anathemas", "betting only on the sure thing", "banning price cutting", "powerful taboos", "long and bitter experience", "the interests of powerful forces in society", the removal of "dangerous uncertainties", and so on.[11]

End Note 3: On the theory of the impossibility of the realisation of surplus value within the capitalist mode of production

Marx makes it clear from the beginning that, although in practice the worker advances the labour-power to the capitalist and is paid for it only after having delivered its use value, he is going to consider variable capital as advanced to focus on the determinations of capital in its purity (Marx, Karl, *Capital. A Critique of Political Economy*, Volume I, Progress Publishers, Moscow, 1965, pp. 174-5). Therefore, in the schemas of the expanded reproduction, the conversion of the portion of surplus-value extracted in one

[9] Lenin, Vladimir, *op.cit.*, chapters II and X.
[10] Baran, Paul A. and Paul M. Sweezy, *Monopoly Capital. An Essay on the American Economic and Social Order.* Ed. Modern Reader, New York, 1968, 57-59.
[11] Baran, Paul A. and Paul M. Sweezy, *ibid.,* 58-59.

cycle into the expanded variable capital of the next one is represented as taking place through the advance, to the additional workers, of the value of their labour-power. Consistently with this, the additional workers can only produce their own labour-power by buying the necessary means of existence with those funds, that is to say, after having sold it and immediately before putting it to work productively for capital. These schemas reflect in this simplified way the concrete determination of the production and reproduction of the old and new labour-power, in which the value of the means of existence required for the future workers is included in the value of their parents' labour-power until, in a more or less violent way, and even if their parents' salary does not fall, it ceases to be included. Therefore, the workers' family can continue reproducing its life as such only through the incorporation of the children to the additional active labour force demanded by capital accumulation. Both in the simplified form upon which the schemas are based and in its concrete form, the surplus-value devoted to expanding variable capital comes to the world materialised in the use values that the new workers are going to pay with their salary. Luxemburg overlooks the coherence that corresponds to the representation in the schemas of all variable capital as advanced. She therefore starts, as is common for Marxist economists, by fabricating the problem of the 'realisation of the surplus value for the purpose of capitalisation' that Marx was not able to solve, to finally make reference to the 'errors' of Marx (Luxemburg, Rosa, *The Accumulation of Capital*, Routledge & Kegan Paul Limited, London, 1951, 170 and *The Accumulation of Capital: An Anti-Critique*, chapter 3). Based on her false problem, Luxemburg builds a false solution:

> Here [in the realisation of surplus value] outside consumers *qua* other-than-capitalist are really essential. Thus the immediate and vital condition for capital and its accumulation is the existence of non-capitalist buyers of the surplus value, which is decisive to this extent for the problem of capitalist accumulation (Luxemburg, Rosa, *The Accumulation of Capital*, Routledge & Kegan Paul Limited, London, 1951, 365-6.)

When it is pointed out that these supposed purchasers are abstract buyers, Luxemburg hastens to answer that:

> … one fact which every child knows these days, that, if commodities are exported, they do not get lost, but are exchanged. Usually other commodities are

> bought from these non-capitalist countries and strata, which supply the capitalist economy with means of production and consumption! (Luxemburg, Rosa, *The Accumulation of Capital: An Anti-Critique*, chapter 3).

Now, according to Luxemburg herself, capitalists had not had any trouble in realising reciprocally the surplus-value borne in the means of production needed to expand the scale of accumulation, nor the part of it borne in the means of existence for the individual consumption of their class. Nor have they had any trouble to sell to one another the means of production in which the consumed constant capital is materialised, or to sell to the previously active workers the means of existence that correspond to the consumed variable capital. The only problem they faced was realising the surplus-value required for expanding the variable capital, allegedly because it could not have been the new workers who bought the commodities bearing that surplus-value. Thus the only exterior purchase related to the alleged problem of realisation is that of these latter commodities. But if this purchase were an exchange, the capitalists would have been rid of a mass of commodities that were internally unsaleable only to find themselves in power of another mass of commodities of different material composition, but as internally unsaleable as the previous one. To fulfil the function assigned by Luxemburg, those supposed non-capitalist countries and strata would have to possess the fantastic capacity of being able to buy without selling. Therefore, Luxemburg's own judgements might very well apply to herself:

> This is how one can get entangled in one's eagerness for theoretical stupidity! But it is characteristic, for this entire 'expert' epigon-tendency of Marxism in theory and practice [...] that they lose all sense of reality by burying themselves in an abstract 'model'; the more boldly they wander around with a stick in the mist of theory, the more miserably they stumble over the glaringly obvious facts of real life (Luxemburg, Rosa, loc. cit.)

End Note 4: From the theory of development and underdevelopment to the theory of dependency based upon unequal exchange

The inversion of the national form as if it were the content of capital accumulation, is the basis of the apology disguised as the "theory of development and underdevelopment".

This goes from the crudeness of the "stages of economic growth", to the structuralist version of "center-periphery" (which is the key to the ideological justification of the valorisation of severed fragments of normally concentrated industrial capitals from the "center" as if they were capitals of incipient development in the "periphery"), and reaches the abstract voluntarist spirit of "evolutionism" and "institutionalism".

The same inversion has an apparently completely critical expression in the "theory of dependency". In its simplest version, this theory states that a country is dependent upon another because, having been forced to specialise in the production of raw materials for the world market, its fate is dependent on the course of accumulation in that other country which buys its raw materials. At the same time, its domestic consumption of commodities in general is dependent on the will of capitals of the other country to supply for it. This proposition seems to forget that commerce is an act of reciprocal dependency, and not a double unilateral movement in which, firstly, the seller depends upon the will of the buyer and then, inversely, the buyer depends upon the will of the seller. The theorists of dependency themselves end up acknowledging that the provision raw materials cheapened by the high productivity of labour that produces them in the exporting country plays a fundamental role in the accumulation of capital in the importing country. So fundamental that it is even affirmed that such provision has transformed the very basis of this accumulation.[12]

How could it be then that the country in question is not "dependent" upon the exporter of raw materials? Two possible paths are then left for the "theory of dependency". The first is to simply support itself on the basis of the immediate appearances of the asymmetric relation, grounding "dependency" on the "dominance" based on the obvious differences in the economic, political and military "strength" of each party.[13] This current flows towards the theory of imperialism, to which we will subsequently turn. The second path consists in searching for an apparent foundation in the very content of capitalist organisation of social production. From this emerges the "theory of dependency" based upon "unequal exchange".

According to this theory, the countries that arise in the historical course as producers of raw materials do not develop an autonomous national process of capital accumulation

[12] Marini, Ruy Mauro, *Dialéctica de la dependencia: la economía exportadora,* Sociedad y Desarrollo, 1, January/March, Santiago de Chile, 1972, p. 39.
[13] Dos Santos, Theotonio, *La nueva dependencia,* s/ediciones, 1968.

that includes the production of the generality of commodities because they suffer a continuous drainage of value in favour of the countries where that production takes place. This drainage is allegedly due to the fact that capitals that produce raw materials have a lower organic composition than industrial capitals that produce commodities in general. Thus the formation of the general rate of profit in the world market implies that the prices of production received by the former would be lower than the value of their commodities, whereas those received by the latter would be higher than theirs. The resulting flow of value from the former to the latter would therefore impede that capital accumulates in the former countries to the point of being able to produce the generality of commodities.[14] In the first place, this theory forgets that capital applied to agrarian productions has a relatively low turnover velocity, which counteracts its likely lower organic composition in the process of formation of the prices of production. Second, it forgets that primary commodities bear absolute and simple monopoly ground rent, and so their commercial price is above their price of production, and even above their value. Third, it forgets that such commercial price not only bears those types of rent but also the differential rent which corresponds to the relatively higher productivity of labour achieved thanks to the favourable natural conditions, which gives reason to the location of primary production in the exporting country. Therefore, the selling of the primary commodities in the world market implies a flow of surplus-value from the importing country to the exporting one, which we will analise next. Fourth, besides these flows, it forgets that, in its generic determination in circulation, where the organic unity of social capital is realised, individual industrial capitals are value that valorises itself with no qualitative differentiation other than their size. Hence, rather than originating an inequality in the capacity of accumulation of individual capitals, the formation of the general rate of profit fully realises their equality. Capitals of countries which social capital has engendered as suppliers of raw materials can accumulate at the same pace than those of countries that produce the generality of commodities. Even under the assumption that there exists a systematic disadvantageous difference between the value and the prices of production of the commodities exported by some particular country, that difference would simply mean that its working class spends a greater mass of social labour than that which is materialised in the imported commodities of equal price of production. But from the point of view of capital accumulation, this greater expense is completely

[14] Laclau, Ernesto, 'Modos de producción, sistemas económicos y población excedente. Aproximación histórica a los casos argentino y chileno', in Marcos Giménez Zapiola (ed.), *El régimen oligárquico,* Amorrortu, Buenos Aires, 1975, 33-34.

indifferent. The theory of unequal exchange is but the conceptual reflection of the petty bourgeoisie's illusion that believes that social justice consists in trading commodities as materialisations of labours performed in an individual and private manner. It is the worthy elaboration of a legal practitioner.

A more sophisticated version of the theory of "unequal exchange" considers that this refers specifically to the transfer of a portion of the value that goes beyond the one previously mentioned. It is a part of the value of the labour-power applied to primary production in the "dependent" country. The payment of this labour-power below its value, which is grounded in "institutionally-determined" reasons, is supposed to have a twofold effect on the formation of the price of production in the unity of the world market: it would raise the rate of surplus-value of capitals in primary production and, at the same time, it would additionally reduce their organic composition.[15] Here it is not only the aforementioned determinations of the prices of primary materials that are forgotten, but also is the fact that these determinations are equally valid for capitals in the primary sector of the country in which the theory in question postulates that the labour-power is paid at its value. If the low wages played a part in the determination of the price in the world market, primary production –given equal natural, technical and scale-related conditions determining the productivity of labour– would be impossible for the latter countries.[16] Therefore, the permanent payment of the labour-power below its value as a specific characteristic of a national sphere –which actually happens– does not constitute a source of surplus-value that could flow through the formation of prices in the world market. Nor is it derived from this process of price formation, as is affirmed by another version of the theory in question.[17] On the contrary, it constitutes an additional source of surplus-value that is appropriated as profit by the totality of industrial and commercial capitals that operate within the country –in the case that the wage below the value is general to all the labour-power– or as rent by the landowners –in the case that it were a situation that affected only the labour-power in the primary sector. The determination and subsequent course taken by the surplus-value thus appropriated can only be shown by considering national processes of accumulation not as unities from whose interplay

[15] Emmanuel, Arghiri, 'El intercambio desigual', in Emmanuel, Arghiri, Charles Bettelheim, Samir Amin and Christian Palloix, *Imperialismo y comercio internacional (El intercambio desigual),* Cuadernos de Pasado y Presente, Nº 24, Córdoba, 1971, 22-24.
[16] See Iñigo Carrera, Juan, *La formación económica de la sociedad argentina. Volumen 1. Renta agraria, ganancia industrial y deuda externa 1882-2004*, Imago Mundi, Buenos Aires, 2007, 117-119.
[17] Marini, Ruy Mauro, *op cit*, 43-45.

results the global process of accumulation, but rather in the opposite way, as necessary concrete forms by which the unity of this global process realises itself.

On the other hand, the theory of "unequal exchange" expands itself in order to include as a source of such unequal exchange the fact that capital in the country where industrial labour is more productive can make this labour count as if it were a more intensive one – i.e., one that produces a greater mass of value in a given period of time– when selling its product in the other country.[18] This reasoning overlooks the fact that the industrial commodities in question are traded in the world market at the same price for "dependent" countries as for those that are not such. Therefore, two possibilities remain. The first one is that capitals producing with the normal productivity for the world market expel the capitals that produce in the "dependent" countries with a lower productivity from the domestic market of these countries, thus equalling the domestic price to that of the world market. The second is that capitals of low productivity from the "dependent" countries reproduce their valorisation because internal prices are being kept above those of the world market by means of import taxes that compensate such lower productivity. In either case, there remains no difference in labour productivity between one and the other country that could be counted as a difference in intensity when selling to that other country.

The specific flow of surplus-value from countries characterised by the production of raw materials to those that import them involves a determination that completely eludes the appearances of "unequal exchange" and "dependency". But this theory owes its constant reproduction to the fact that it creates the appearance that national processes of capital accumulation should be mutually independent from each other by nature. And this pseudo-critical appearance is a necessary ideological form for the reproduction of such flow.

End Note 5: On the theory of imperialism

The categories of monopoly capital and finance capital conceal the historical specificity of the capitalist mode of production, which is determined by the transformation in the materiality of the labour process governed by the production of relative surplus-value. They do so by placing the appearances of the changes that occur in circulation that are

[18] Marini, Ruy Mauro, *ibíd*, 43.

concomitant with the continuous imposition of this material transformation under the concrete forms of the concentration and centralisation of capital, as if they were the basis of capitalism's historical necessity of annihilating itself in its own development. The concept of "imperialism" does the same based on the abstraction of the apparent movement of direct political and military relations established between national processes of capital accumulation in which takes concrete form the realisation of the global content of such material transformation. The historically non-specific "empire" –equally applicable to the slave mode of production– occupies the place of the actual alienated social subject specifically inherent in the capitalist mode of production: capital.

Let us consider three historical modalities of differentiation of the national processes of capital accumulation. The first one consists in the generation of national spheres of capital accumulation whose specificity lies in being restricted to productions in which natural conditions allow for the exercise of a productivity of labour higher than that reached within national spheres where the generality of commodities is produced. It corresponds, therefore, to the simple general development of the productive forces of society in the form necessarily taken in the capitalist mode of production, that is, as an attribute of private labour and thus an attribute of one portion of social labour as opposed to another. The second modality consists in the transformation of the previously mentioned national differentiation into another in which normal capital fragments itself as small capital in the former type of countries based on the specific appropriation of ground rent and the profit released by genuine domestic small capitals. In such a case, capital accumulates while going against its historical necessity of developing the productive forces of society. The third modality corresponds to the international fragmentation of the productive subjectivity of the working class, by which capital specifically reduces the value of the labour-power destined to function as an appendage of machinery and in modern manufacture. Capital thus pushes further away its specific limit to the incorporation of machinery, therefore accumulating at a higher rate of surplus-value in spite of slowing down the development of the material productive forces of society. Hence, these are three modalities of differentiation of national processes of accumulation that involve essentially distinct contents with regard to the global development of the productive forces of society and, therefore, with regard to the historical potentialities of the capitalist mode of production. Nevertheless, such is the degree of abstraction reached by the representation of international political and military forms under the category of imperialism, that the three of them end up lumped

together. The explanation of such three modalities is taken to be exhausted by invoking imperialism.

As soon as the specific determinations regarding the development of the productive forces fade under the light of the theory of imperialism, the revolutionary subject starts to present fantastic distortions. The specificity of the working class as the revolutionary subject stems from the transformation of the materiality of the labour process, which gives its historical *raison d'être* to the capitalist mode of production. It is about the transformation of the labour process into an immediately social process contradictorily realised in a private manner, which is consciously organised by the same collective worker that performs it, and which consists in the utilisation of the labour-power for the scientific control of natural forces, its objectification in machinery and the automatic application of those forces upon the objects in order to transform them. Capital develops this transformation in the only way that is capable of –at the expense of severing and fragmenting the productive attributes of the working class. It develops the productive subjectivity of the portion that it puts to work in the scientific control of natural forces, it degrades the productive subjectivity of the portion that it transforms into an appendage of machinery and a partial organ in modern manufacture, and it deprives of subjective productivity the portion that it transforms into surplus labouring population of subjective productivity. The consciousness about the historical trend of development followed by these three portions and their specific role in the development of the material productive forces of society and, above all, the forms of their unity in the revolutionary action that overcomes their functional fragmentation and the international fragmentation based upon the latter, is the core question that the development of great industry poses to the general political organisation of the working class.

But the category of imperialism replaces the specificity of the capitalist transformation of the materiality of the labour process by the international political and military appearances by which this transformation necessarily takes shape, as the determinant of the specific historical powers of the working class. Thus, the portion of the working class that is determined by capital as the immediate bearer of the material capacity to develop the scientific control upon social labour appears as the very negation of any historical revolutionary power:

> This stratum of workers-turned-bourgeois, or the labour aristocracy, who are quite philistine in their mode of life, in the size of their earnings and in their entire

> outlook, is the principal prop of the Second International, and in our days, the principal social (not military) prop of the bourgeoisie. For they are the real agents of the bourgeoisie in the working-class movement, the labour lieutenants of the capitalist class, real vehicles of reformism and chauvinism. In the civil war between the proletariat and the bourgeoisie they inevitably, and in no small numbers, take the side of the bourgeoisie…[19]

The concrete determinations of the consciousness and of the value of the labour-power of this portion of the working class as a result of the complex nature of the social labour it performs –determinations where all the inversions present in the buying and selling of the labour-power in circulation reach their fullest development: the realisation of freedom, equality, ownership and personal interest– are thus degraded to the most abstract appearance of a bribe:

> …it is possible to bribe the labour leaders and the upper stratum of the labour aristocracy. And that is just what the capitalists of the "advanced" countries are doing: they are bribing them in a thousand different ways, direct and indirect, overt and covert.[20]

Thus reduced the concrete determinations of the revolutionary powers of the working class, it seems that there is no place left to look for their trace than in the source through which capital finances the alleged corruption. It is here where the appearances of the circulation of capital represented through the categories of imperialism and monopoly capital complete the erasure of the concrete material determinations of such powers:

> Imperialism, which means the partitioning of the world, and the exploitation of other countries besides China, which means high monopoly profits for a handful of very rich countries, makes it economically possible to bribe the upper strata of the proletariat, and thereby fosters, gives shape to, and strengthens opportunism.[21]

But, what is the content of this so-called monopoly profits, especially those obtained internationally? We have already seen that they are but the normal profits of normal capitals earning the general rate of profit, placed in apparent contrast with the concrete normal profits of capitals of insufficient concentration to bear the development of the

[19] Lenin, Vladimir, *op.cit.*, preface to the French and German editions.
[20] Lenin, Vladimir, *ibid.*, preface to the French and German editions.
[21] Lenin, Vladimir, *ibid.*, chapter XVIII.

productive forces. Moreover, there are two other sources that we can add to this determination and that the category of imperialism cannot even distinguish. The first one consists in the ground rent, both differential and the simple monopoly one. This is a surplus-value extracted essentially to the productive workers of normal capitals, as these are responsible for the bulk of the valorisation of social capital. The second one consists in the extraordinary profit above the concrete normal profit that governs the valorisation of capitals that are smaller than the norm, and which necessarily escapes from their appropriation. The international fragmentation of capital is not the cause of this modalities of appropriation of surplus-value by normal capitals, but the form in which they are realised and, more importantly, the form of the relative freeing of normal capitals from their historical role as bearers of the development of the material productive forces of society. However, under the appearances consecrated by the category of imperialism, every determination of the revolutionary subject is inverted and emptied. It is no longer about the working class freeing itself from the oppression of capital because capital, as the general social relation of the working class, imposes upon it to be the subject of the development of its own labour process until materially transforming it into an immediately social activity that is consciously organised by the same individuals that perform it. Instead, exploitation is represented as a relation between nations. Which, though not explicitly stated, means between national spheres of capital accumulation. The development of this exploitation between nations is then presented as the expression of the capitalist mode of production advancing toward its supersession:

> Monopolies, oligarchy, the striving for domination and not for freedom, the exploitation of an increasing number of small or weak nations by a handful of the richest or most powerful nations—all these have given birth to those distinctive characteristics of imperialism which compel us to define it as parasitic or decaying capitalism.[22]

But the inversion has not reached its fullest expression yet. If it is about the exploitation of some nations by others, and not simply the specific national forms taken by the exploitation of the working class by the capitalist class as a historical modality of the development of the productive forces of society by means of the production of relative surplus-value, the subject of the revolutionary supersession of capitalism dilutes into the

[22] Lenin, Vladimir, *ibid.*, chapter X.

category of the people. At the same time, national bourgeoisies from the "exploited" countries appear as natural allies of their respective working classes in their struggle, which bears the supersession of the capitalist mode of production:

> In our country, the contradiction between the working class and the national bourgeoisie comes under the category of contradictions among the people. By and large, the class struggle between the two is a class struggle within the ranks of the people (…) The national bourgeoisie differs from the imperialists, the landlords and the bureaucrat-capitalists. The contradiction between the national bourgeoisie and the working class is one between exploiter and exploited, and is by nature antagonistic. But in the concrete conditions of China, this antagonistic contradiction between the two classes, if properly handled, can be transformed into a non-antagonistic one and be resolved by peaceful methods.[23]

However, in the countries characterised by the absence of the production of the generality of commodities by normal capitals within them in the scale required to compete in the world market –i.e., in the countries represented as the exploited ones by the theory of imperialism–, the national bourgeoisie is but a national fragment of the petty bourgeoisie. That is, of the bourgeoisie that personifies the capital that has lost its historical potentialities and stands against the one that does have them. Worse still, it is typically a national portion of small capital whose reason of existence as such is to be the basis for the fragmentation of normal capitals as capitals of restricted scale within the national sphere. Thanks to these small capitals, normal capitals fragmented in this way valorise themselves at the general rate of profit, or even at a higher one, while going against the development of the productive forces of society. Therefore, the categories of imperialism, monopoly capital and financial valorisation are finally the core of the ideological consciousness of the national petty bourgeoisies in question, who try to oppose to the historical potentialities of the concentration of capital the appearance that the process of accumulation is national in content and not that it is so only in form. Hence, these categories develop also as the ideological consciousness of the national portions of the working class whose immediate reproduction as an active working class is subject to the reproduction of those small capitals. They are thus the specific inverted reflection in the consciousness of these portions of the working class of the fact that capital has actually deprived them of their generic condition of being immediate bearers

[23] Mao Tse-tung, *On the correct handling of contradictions among the people,* People's Daily, 1957.

of the development of the social productive forces and, therefore, of their immediate generic condition of being a historically revolutionary subject. But, as we have already seen, the category of imperialism replaces the material determination of this generic condition of being a revolutionary subject by the appearances presented by the direct political and military relations established between national processes of capital accumulation by which the global content of this material determination takes shape. Based on this category, therefore, the revolutionary power that in an immediate way bears every portion of the working class appears inverted before the workers' own consciousness. On the one hand, the portion that is the immediate bearer of the specifically capitalist development of the productive forces of society is presented as the very negation of the revolutionary subject. On the other hand, the portion that capital increasingly throws into the condition of surplus population and which, therefore, it strips of any immediate power to transform the materiality of the labour process, is presented as the most genuine revolutionary subject because of the violence taken by this annihilation of even its human subjectivity at the hands of capital.